

RHB LEISURE, LIFESTYLE & LUXURY FUND

The Fund aims to achieve long term capital appreciation by investing in equities and equity related securities issued by companies that provide goods and services in the leisure, lifestyle and luxury market.

INVESTOR PROFILE

This Fund is suitable for Investors who:

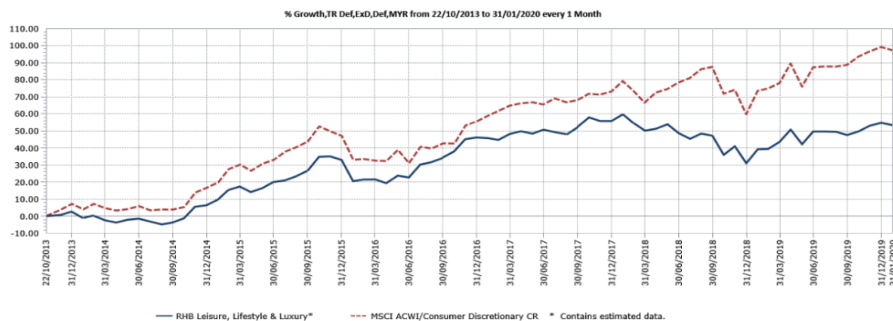
- seek long term capital appreciation by investing in equities and equity related securities issued by companies that provide goods and services in the leisure, lifestyle and luxury market.

INVESTMENT STRATEGY

- At least 70% of NAV: Investments in equities and equity related securities.
- Up to 30% of NAV: Investments in liquid assets including money market instruments and deposits with financial institutions.

FUND PERFORMANCE ANALYSIS

Performance Chart Since Launch*



Cumulative Performance (%)*

	1 Month	3 Months	6 Months	YTD
Fund	-0.90	2.42	2.47	-0.90
Benchmark	-0.96	1.89	5.04	-0.96

	1 Year	3 Years	5 Years	Since Launch
Fund	10.14	5.33	39.59	53.38
Benchmark	13.67	24.17	64.70	97.27

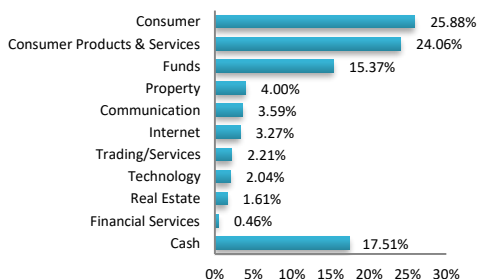
Calendar Year Performance (%)*

	2019	2018	2017	2016	2015
Fund	18.10	-15.83	6.63	9.67	24.94
Benchmark	24.63	-7.67	11.31	5.76	26.06

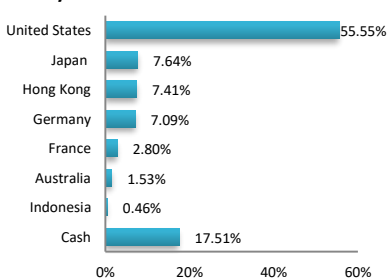
Source: Lipper IM

FUND PORTFOLIO ANALYSIS

Sector Allocation*



Country Allocation*



Top Holdings (%)*

AMAZON.COM	10.14
ALIBABA GROUP HOLDING LTD	6.59
STARBUCKS	4.03
HOME DEPOT INC/THE	4.00
MCDONALDS	3.85

*As percentage of NAV

FUND STATISTICS

Historical NAV (RM)

	1 Month	12 Months	Since Launch
High	0.7895	0.7895	0.8175
Low	0.7650	0.6822	0.4584

Source: Lipper IM

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MANAGER'S COMMENTS

MARKET REVIEW

The global equities market retreated slightly in the first month of 2020 despite an initial strong rally in the first half of the month as the US and China signed the “Phase I” trade deal on 15th January 2020. However, optimism in the market was quickly dampened by the outbreak of coronavirus and led to the decline seen in the equities market. The MSCI AC World Discretionary Index was not spared as it registered a negative growth of -1.1%, in line with the MSCI AC World Index at -1.2%. It outperformed Energy (-9.1%), Materials (-5.7%), and Financials (-3.4%), but underperformed Utilities (+4.7%), IT (+2.7%), and Communication Services (-0.2%).

The Coronavirus outbreak was first discovered on 8 December 2019 and notified by World Health Organization on 31 December. The World Health Organization has declared the coronavirus outbreak a “Public Health Emergency of International Concern” but has not yet recommended a travel ban. As of 4 February 2020, 194 out of the total 20,679 confirmed cases recorded was outside of China. Following a rise in the number of reported cases of virus outside of China, there are increasing numbers of countries, including the US, Japan, Singapore and Australia, that have announced travel bans, not only for residents and visitors to Wuhan, but for all those who have recently been to China.

While the virus should negatively impact China’s growth, Chinese authorities are willing to provide additional stimulus if necessary. So far, the PBOC is pledging to inject liquidity into the system via reserve repo while lower policy rates by 10bps. As the Chinese economy is now much larger when compared to 2003 during the SARS epidemic (Nominal GDP of about USD14 trillion vs USD1.5 trillion in 2003) and more connected to the rest of the world, the impact on global growth would be significantly higher this time. Investors should continue to pay attention to the number of new cases of the virus. An increasing number of studies are pointing to an R0 of around 2.5 – which could indicate a peak in the number of cases potentially within two weeks if the situation is contained.

Over in the US, the Federal Reserve announced that it would hold its benchmark rate between 1.5% - 1.75%, marking no change since the latter part of 2019. The Federal Reserve made a technical adjustment to the interest on excess reserves rate by 5bps to 1.6% in order to foster trading of the fed funds rate well within the target range. There is a dovish shift to the statement language suggesting more resolution to the transition to an average inflation target. The FOMC is scheduled to conclude its policy framework review around mid-2020.

The European Central Bank (ECB) was uneventful, but it did express a slight improvement in its economic outlook. QE program with net purchases of government and corporate debt at a monthly pace of EUR20 billion was resumed since 1 November. European growth was expected to pick up gradually in 2020, driven by stabilization in the manufacturing sector, modest fiscal impulse, and a resolution of Brexit uncertainties. The UK finally left the European Union (EU) on 31 January and now the focus has shifted to how UK Prime Minister Boris Johnson navigates to achieve a new trade deal with the EU. The Bank of Japan also kept its monetary policy unchanged.

MARKET OUTLOOK AND STRATEGY

In the first month of the year 2020, positive value add was able to offset value deduction. This is mainly attributable to our higher cash level position during the period as we took profits on names that have done well and in view of an escalating worrying situation on the Coronavirus outbreak globally. During the month, we took profits and exited our positions in hospitality names and travel-related names. We also took profits on Chinese auto stocks that have done well for the portfolio and in view of dampened demand amid the outbreak. Separately, our overweight position in an American fast food company added positive value to the fund as it reported results that topped expectations and continue to see strong traffic gains. Positive value also came from our overweight to specific slot machine manufacturer amid favourable results from top slot installations and franchise titles, as well as our overweight position to specific media-services provider that continue to benefit from increasing international subscribers.

On the other hand, we saw value deductions from our overweight position to selected entertainment and mass media company that dragged as it announced temporary closure of its Shanghai attractions due to the outbreak of the coronavirus. Our overweight position to selected Japanese retailer dragged performance as well due to its weak overseas business, particularly in South Korea and Hong Kong, and the unseasonably warm winter weather. Elsewhere, our overweight position to specific coffee company detracted value despite decent results as it announced to temporarily close more half of its stores in China in respond to the viral outbreak.

Our strategy remains intact where the fund will be strategically exposed to companies that will benefit from the burgeoning growth of middle-income consumers in the long-run. However, we have adopted a more defensive and cautious stance amid the coronavirus outbreak situation. We remain opportunistic and prefer stocks that have healthy balance sheet, visible earnings growth, and valuations support.

DISCLAIMER:

Based on the fund’s portfolio returns as at 10 January 2020, the Volatility Factor (VF) for this fund is 11.0 and is classified as “High”. (source: Lipper) “High” includes funds with VF that are above 8.8 but not more than 11.1 (source: Lipper). The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund’s portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC. The VC referred to was dated 31 December 2019 which is calculated once every six months and is valid until its next calculation date, i.e. 30 June 2020.

A Product Highlights Sheet (“PHS”) highlighting the key features and risks of the Fund is available and investors have the right to request for a PHS. Investors are advised to obtain, read and understand the PHS and the contents of the Master Prospectus dated 6 October 2017 and its supplementary(ies) (if any) (“the Master Prospectus”) before investing. The Master Prospectus has been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Amongst others, investors should consider the fees and charges involved. Investors should also note that the price of units and distributions payable, if any, may go down as well as up. Where a distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from cum-distribution NAV to ex-distribution NAV. Any issue of units to which the Master Prospectus relates will only be made on receipt of a form of application referred to in the Master Prospectus. For more details, please call 1-800-88-3175 for a copy of the PHS and the Master Prospectus or collect one from any of our branches or authorised distributors.

The manager wishes to highlight the specific risks of the Fund are market risk, country risk, currency risk, equity risk, regulatory risk, liquidity risk and equity related securities risk. These risks and other general risks are elaborated in the Master Prospectus.

This factsheet is prepared for information purposes only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Past performance is not necessarily a guide to future performance. Returns may vary from year to year.

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